

## **Payroll – Frequently Asked Questions (FAQ's)**

### **ANNUAL LEAVE**

1. As a full-time employee, how much annual leave do I accrue each year?

Full-time employees earn annual leave as follows:

- An employee with less than 3 years of service earns 4 hours of annual leave for each full biweekly pay period (104 hours per leave year).
- An employee with 3 to 15 years of service earns 6 hours of annual leave each full pay period. In the last pay period of the calendar year, 10 hours of annual leave are earned (160 hours per leave year).
- An employee with more than 15 years of service earns 8 hours of annual leave for each pay period (208 hours per leave year).

2. As a part-time employee, how much annual leave do I accrue each year?

Part-time employees earn leave as follows:

- An employee with less than 3 years of service earns 1 hour for each 20 hours in pay status.
- An employee with 3 to 15 years of service earns 1 hour for each 13 hours in pay status.
- An employee with more than 15 years of service earns 1 hour for each 10 hours in a pay status.

3. When will my annual leave category change?

An employee's annual leave category normally changes the pay period after the employee reaches the 3-year or 15-year anniversary. The only time it would change during the pay period in which an employee reaches the milestone is if the anniversary date falls on the very first day of the pay period.

For example, if you began your federal service on March 12, 2001, your three-year anniversary date would be March 12, 2004. This falls on the first Friday of a pay period. Because the anniversary falls on a day other than the first day of the pay period, your annual leave category would not change to the 6-hour category until the following pay period.

4. When I separate, will I be compensated for my unused leave?

Your annual leave balance at the time of separation will be paid to you in a "lump sum." In most cases, you will receive the payment two to four weeks after receiving your final pay. Your sick leave balance at the time of separation will be recredited to your sick leave account if you return to federal service.

In calculating your lump-sum payment (LSP), we project your unused annual leave forward to include all the workdays you would have worked had you remained in federal service (including holidays). In this way, we derive your “lump-sum leave period”—the period of time for which you are paid through your LSP. If you are reemployed in the federal service prior to the expiration of the lump-sum leave period, you must refund the portion of the lump-sum payment that represents the period between the date of reemployment and the expiration of the lump-sum period.

*Example:* Suppose you resign on June 1 and you are paid your lump sum payment for 320 hours of annual leave. Based on an 8-hour schedule and counting holidays, your lump sum leave period would amount to 40 workdays (320 hours divided by 8 = 40 days). Forty workdays from June 1 would take you through July 27. If you were reemployed in the federal service on July 11, you would be required to refund to your new agency the value of the leave covering the period of July 11 to July 27. This would amount to 96 hours (12 workdays x 8 hours per day). Your new agency would then credit these 96 hours to your annual leave account.

5. When I separate, how is my lump-sum payment for unused annual leave calculated?

Your lump-sum payment is calculated by multiplying the number of hours of unused annual leave by your hourly rate of pay, in addition to any other type of pay that you would receive while on annual leave. Other types of pay could include administratively uncontrollable overtime (AUO) and law enforcement availability pay (LEAP). Retention allowances are excluded from this calculation.

*Example:* You are a GS-12 criminal investigator who resigns to accept a job in the private sector. Your hourly rate at the time you separate is \$30.00 per hour and you have a balance of 150 hours of annual leave. As a criminal investigator, you are entitled to LEAP (which amounts to an additional 25 percent of your hourly rate) on the 150 hours, as well. Based on 25% AUO, your lump sum payment would be calculated as follows: \$30.00 per hour + \$7.50 per hour (LEAP) = \$37.50 per hour x 150 hours. The gross amount of your LSP would be \$5625.00.

6. What is “use or lose” leave?

Annual leave may be accumulated and carried forward from one leave year to the next, up to a maximum of 240 hours for both full-time and part-time employees. Employees in the Senior Executive Service (SES) can carry over up to 720 hours per leave year. “Use or lose” leave is any annual leave over your maximum limit. Most employees lose those excess hours if they are not used by the end of the current leave year.

7. How much “use or lose” leave do I have?

Check the lower portion of the leave and earnings statement that you receive each pay period. Your excess hours will be labeled “Projected Use or Lose.” You can also view your pay and leave information on-line via the National Finance Center’s Employee Personal Page (EPP). [Click here](#) for more information.

## **LEAVE TRANSFER PROGRAM**

1. What is the Leave Transfer Program?

The Leave Transfer Program allows employees to donate annual leave to other employees who are experiencing a medical emergency (including the medical emergency of a family member).

2. Do any restrictions apply when donating leave to someone in the Leave Transfer Program?

A leave donor cannot donate leave to his/her first-line or second-line supervisor. Additionally, a donor cannot donate more than one-half of the annual leave he/she would earn during the leave year in which the donation is made. The leave being donated must be in the donor’s account before the transfer occurs.

A donor with projected “use or lose” leave can donate the lesser of:

- Half the annual leave he/she will earn during the leave year the donation is being made **or**
- The number of hours remaining in the leave year (as of the date of the transfer) that the donor is scheduled to work and receive pay.

## **SICK LEAVE**

1. How much sick leave do I accrue each year?

Sick leave is earned as follows:

- All full-time employees, regardless of length of service, earn sick leave at the rate of 4 hours for each full pay period (104 hours per year).
- Part-time employees earn sick leave at the rate of 1 hour for each 20 hours in a pay status. Sick leave for part-time employees is credited in 1-hour increments. If the hours in pay status are not evenly divisible by the hours required to earn an hour of leave, the remainder is carried forward and used in computing leave accruals for the next pay period.
- There is no limit on the amount of sick leave that may be accumulated.

## 2. What can I use my accrued sick leave for?

An employee may use sick leave for:

- Personal medical needs. An employee may use sick leave when he/she:
  - Is incapacitated for the performance of duties by physical or mental illness, injury, pregnancy, or childbirth;
  - Receives medical, dental, or optical examination or treatment; or
  - Would, as determined by the health authorities having jurisdiction or by a health care provider, jeopardize the health of others by his/her presence on the job because of exposure to a communicable disease.
- Family-care purposes. An employee may use sick leave to:
  - Provide care for a family member who is incapacitated as a result of physical or mental illness, injury, pregnancy, or childbirth;
  - Provide care for a family member as a result of medical, dental or optical examination or treatment; or
  - Make arrangements necessitated by the death of a family member or attend the funeral of a family member.
- Adoption-related purposes. An employee may use sick leave for:
  - Appointments with adoption agencies, social workers, and attorneys;
  - Court proceedings;
  - Required travel; or
  - To care for the adopted child as required by the adoption agency or court order.

## **SICK LEAVE FOR FAMILY CARE PURPOSES**

### 1. Does it make a difference what my reasons are for requesting sick leave for family-care purposes?

Yes. There are distinctions between sick leave for *general-purpose* family care and sick leave for a family member's *serious health condition*. Leave used for either situation comes from an employee's own sick leave balance. It is not a separate leave account or balance, and the amount available depends on the purpose for the leave.

- Sick leave may be used for *general-purpose* family care to:
  - Care for a family member with a minor illness or injury.
  - Accompany a family member to routine medical, dental or eye exams.
  - Make funeral or related arrangements when a family member dies.
- A *serious health condition* is an illness, injury, impairment, or physical or mental condition that involves inpatient care, continuing treatment by a health

care provider, or pregnancy or prenatal care. Other examples of a serious health condition include:

- Cancer
- Heart attack
- Alzheimer's disease
- Stroke
- Severe injury

2. For the two types of sick leave described above, how much sick leave may I use to care for a family member?

An employee may use 40 hours of sick leave for family care per leave year regardless of his/her leave balance. All or part of those "first 40" hours may be advanced (with acceptable documentation).

If an employee has a sick leave balance of at least 80 hours, he/she may use up to 104 hours of sick leave for general purpose family care (the "first 40" plus 64 additional hours) per leave year. To care for a family member with a serious health condition, an employee may use 480 hours of sick leave (the "first 40" plus 440 additional) per leave year.

If the employee's sick leave balance drops below 80 hours at any time, no more sick leave for family care may be taken until the next leave year or when a sick leave balance of 80 hours is accrued.

*Caution:* The total sick leave for family care used may not exceed 480 hours in any leave year, regardless of the purpose. This means that any sick leave used for general-purpose family care during the leave year must be subtracted from the 480-hour limit.

## **FAIR LABOR STANDARDS ACT (FLSA)**

1. What is FLSA?

The Fair Labor Standards Act (FLSA) established rules defining hours of work, the minimum number of hours that must be worked before overtime begins, and the formula used to compute pay. It categorizes employees as "FLSA exempt" or "FLSA non-exempt" (also referred to as "covered"), depending on the type of work you do. Some examples of exempt employees are managers and supervisors (executive), some staff management officials (administrative), and accountants (professional). You can determine your FLSA status by looking at block 35 of your most recent SF-50B, Notification of Personnel Action or you can refer to OIG Manual Chapter OIGM 1550.1 for more detailed information.

2. How does my Fair Labor Standards Act (FLSA) status affect overtime pay?

Employees who are **non-exempt from the FLSA** are paid at 1.5 times their own hourly rate when they work overtime.

On November 24, 2003, the National Defense Authorization Act for Fiscal Year 2004 changed the overtime compensation limit for **FLSA-exempt** employees with basic pay rates above GS-10. Previously the overtime rate of an exempt employee with a basic rate of pay above GS-10 was limited to 1.5 times the GS-10, step 1 rate of pay. With the new legislation, the overtime rate of an exempt employee with a basic pay rate above GS-10 changed to the greater of 1.5 times the GS-10, step 1 rate of pay **or** the employee's hourly rate of pay.

*Example:* The regular hourly rate of pay for an exempt GS-12, step 6 employee in the "Rest of the U.S." locality area is \$32.18. Before the new law, if this employee worked overtime, the hourly rate would be capped at \$31.41 (1.5 times the GS-10, step 1 rate of pay). Under the new provision, the employee would receive his/her regular hourly rate of pay (\$32.18) for overtime worked.

## **COMPENSATORY TIME**

1. What is compensatory time?

Compensatory time (comp time) is time off earned in lieu of overtime pay for irregular or occasional overtime work.

2. I am eligible to earn compensatory time. How many hours can I accumulate, and how much time do I have to use the hours?

There is no limit on the amount of compensatory time that eligible HUD-OIG employees may accumulate, however, it must be used by the end of the leave year in which it is earned. The only exception to this rule involves compensatory time earned in the last 60 days of the leave year. Comp time earned during this time frame can be carried over to the next leave year and must be used within the first 60 days of the new leave year. When the end of a leave year approaches and an employee has both annual leave to use or lose and compensatory time (that may be carried over for only 60 days) — the employee must decide whether to use the annual leave or to use compensatory time before the leave year ends.

- For **FLSA exempt** employees, compensatory time is forfeited if not used within the above time frame. The only exception to this rule is if the failure to use the comp time is due to an exigency of the agency beyond the employee's control.

- For **FLSA non-exempt** employees, unused compensatory time will be paid at the overtime rate in effect for the time period in which it was earned.
- If an employee separates, compensatory time is paid at the overtime rate in effect when the compensatory time was worked.

## **HOLIDAYS**

### 1. How will my pay be calculated if I am required to work on a holiday?

For each hour of holiday work, you will receive holiday premium pay equal to your rate of basic pay. If you work beyond your normal 8-, 9-, or 10-hour tour on the holiday, you will receive overtime pay or comp time for the excess hours. You will also receive overtime pay or comp time for hours worked outside your normal tour of duty.

*Example:* If you normally work an 8-hour schedule (8:30 a.m. to 5:00 p.m.) but work from noon to 6:00 p.m. on a holiday, your pay would be calculated as follows:

- 8 hours of basic pay for holiday leave.
- 5 hours of holiday premium pay (equal to your basic rate of pay) to cover the time between noon and 5:00 p.m.
- 1 hour of overtime pay or compensatory time worked for the time from 5:00 to 6:00 (the hours worked outside your normal tour of duty).

*Example:* If you normally work a 10-hour schedule (7:00 a.m. to 5:30 p.m.) but work from 6:00 a.m. to 6:00 p.m. on a holiday, your pay would be calculated as follows:

- 10 hours of basic pay for holiday leave.
- 10 hours of holiday premium pay (equal to your basic rate of pay) to cover the time between 7:00 a.m. and 5:30 p.m.
- 1.5 hours of overtime pay or compensatory time worked for the time from 6:00 to 7:00 a.m. and 5:30 to 6:00 p.m. (the hours worked outside your normal tour of duty).

### 2. If I am in a non-pay status (leave without pay, absence without leave, or suspension before and after a holiday, do I get paid for the holiday?

To receive paid administrative leave on a holiday, an employee must be at work or on paid leave **either** immediately before the holiday **or** immediately after the holiday. Employees on unpaid absence on both of these occasions would not be entitled to pay for the holiday.

3. If I travel on a holiday to a meeting or training session scheduled by the agency, am I entitled to overtime or compensatory time for the time spent traveling?

5 C.F.R. § 550.112(g) specifies limited situations in which exempt employees may be paid overtime for time in a travel status. Among those situations is travel that is administratively uncontrollable; however, courts and Comptroller General decisions have held that travel is administratively controllable if the scheduling agency is part of the executive branch of the federal government. Therefore, exempt employees usually will not be compensated for non-duty travel because most travel is administratively controllable. Use of credit hours as a form of compensation for travel outside the normal workday is addressed in OIG Manual Chapter 1110, "Travel Program."

## **MILITARY LEAVE**

1. What kind of leave can I use to cover an absence due to military service?

Any full time federal civilian employee whose appointment is not limited to one year or less is entitled to 120 hours of regular military leave each fiscal year. This leave can be used for active duty, active duty training, and inactive duty training. An employee can carry over a maximum of 120 hours of regular military leave from one fiscal year to the next. The employee can keep both his/her civilian **and** military pay for such service.

Reservists providing assistance to civil authorities in the protection of life and property (e.g. the aftermath of a tornado, flooding, or other natural disasters) are entitled to 22 workdays of emergency military leave each calendar year. In addition, employees performing full time military service as a result of activation in support of a qualifying contingency operation became eligible for this 22-day entitlement on November 24, 2003. Qualifying operations include Operation Noble Eagle, Operation Enduring Freedom, Operation Iraqi Freedom, and any other military operations subsequently established under Executive Order 13223.

If you are called upon in either of the above situations, up to 22 days of emergency military leave is available to cover your time off. Unlike regular military leave, unused emergency military leave cannot be carried over from one calendar year to the next. While using emergency military leave, you are only permitted to keep the greater of your civilian pay **or** your military pay—but not both.

Although it is not required, reservists who are placed on active duty may also use their own earned annual leave to cover their absence. If you elect to not use all your annual leave to cover your absence, you may choose to receive a lump-sum payment for it. If you choose not to receive payment for it, the leave will remain in your annual leave account until you return to civilian employment.



For any absence **not** covered by military leave or annual leave, you must request leave without pay (LWOP). You will not earn annual or sick leave in any pay period when your total LWOP reaches a multiple of 80 hours (80, 160, 240, etc.) LWOP for military service will not affect your eligibility for career ladder promotions, within-grade increases, probation, career tenure, or annual leave accrual rate.